



| | |
|----------------------|----------------------|
| Borrower(s) Name(s) | Loan Number |
| <input type="text"/> | <input type="text"/> |
| Property Address | |
| <input type="text"/> | |

Calculator and Quick Reference Guide: Freddie Mac Income Analysis Form

Please use the following quick reference guide to assist you in completing Freddie Mac Form 91. This form is for suggested guidance and does not replace Freddie Mac instructions or applicable guidelines.

Note: For entries with the marker (+/-) type a '-' for entering a negative amount. Example: -12,345.67

| 1 | W-2 Income from Self-Employment | 2016 | 2015 | NOTES |
|---|---------------------------------|------|------|-------|
| | W-2 Income (Line 5) | | | |

| 2 | Form 2106 – Employee Business Expenses | 2016 | 2015 | NOTES |
|---|--|------|------|-------|
| | Total Expenses (Lines 8a + 8b; 2106-EZ Lines 6 + 5) | - | | |
| | Depreciation If Actual Expense Method Used (Line 28) | + | | |
| | Depreciation If Mileage Method Used (Business Miles, Line 13; 2106-EZ Line 8a) | | | |
| | x Depreciation Rate (2016 and 2015-24¢) | \$ | \$ | |
| | = Total Mileage Depreciation | + | \$ | \$ |
| | Form 2106 Expense Subtotal | \$ | \$ | |

| 3 | Schedule C – Sole Proprietor Profit or Loss | 2016 | 2015 | NOTES |
|---|--|------|------|-------|
| | Net Profit or Loss (Line 31) | +/- | | |
| | Other Income or Loss (Line 6) | +/- | | |
| | Depletion (Line 12) | + | | |
| | Depreciation See four lines below for additional vehicle depreciation info (Line 13) | + | | |
| | Meals and Entertainment Exclusion (Line 24b) | - | | |
| | Amortization or Casualty Loss Only add back Amort/CL (Review C Page 2, Part V) | + | | |
| | Business Use of Home Follow investor credit policy (Line 30, Form 8829 or the Simplified Method Worksheet) | + | | |
| | Business Miles (Page 2, Part IV, Line 44a or Related 4562) | | | |
| | x Depreciation Rate (2016 and 2015-24¢) | \$ | \$ | |
| | = Total Mileage Depreciation | + | \$ | \$ |
| | Schedule C Subtotal | \$ | \$ | |

| 4 | Schedule D – Capital Gains and Losses | 2016 | 2015 | NOTES |
|---|--|------|------|---|
| | Capital Gains and Losses (Enter Zero)* | + | | *Verify no recurring losses that need to be considered. |

| 5 | Form 4797 Sales of Business Property | 2016 | 2015 | NOTES |
|---|--|------|------|---|
| | Sales of Business Property (Enter Zero)* | + | | *Verify no recurring losses that need to be considered. |

| 6 | Form 6252 Installment Sale Income | | 2016 | 2015 | NOTES |
|---|--|---|------|------|--|
| | Principal Payments Received (Line 21)* | + | | | *Be sure income not also included with Sch D or 4797. Obtain underlying agreement. |

| 7 | Schedule E - Supplemental Income and Loss* | | 2016 | 2015 | NOTES |
|---|---|---|------|------|--|
| | Gross Rents and Royalties (Lines 3)* | + | | | *Many lenders/investors require rental income be calculated separately and not included with the Form 91 analysis. |
| | Total Expenses (Line 20) | - | | | |
| | Depreciation (Line 18) | + | | | |
| | Amortization/Casualty Loss only if noted/Nonrecurring Expenses (See Line 19) | + | | | |
| | Insurance, Mortgage Interest, Taxes and HOA Dues included in PITI (Lines 9, 12, 16 and see Line 19 if using property's full PITI payment in qualifying ratios) | + | | | |
| | Schedule E Subtotal | | \$ | \$ | |

| 8 | Schedule F – Profit or Loss from Farming | | 2016 | 2015 | NOTES |
|---|---|-----|------|------|--|
| | Net Farm Profit or Loss (Line 34) | +/- | | | *Only add back the eligible "Other" deductions, such as Amortization or Casualty Loss. |
| | Non-Taxable portion of recurring Cooperative & CCC Payments and/or ineligible taxable income (Lines 3, 4, 6a-b) | +/- | | | |
| | Other Nonrecurring Income or Loss (Lines 5c and 8) | +/- | | | |
| | Depreciation (Line 14) | + | | | |
| | Amortization/Casualty Loss/Depletion (Line 32)* | + | | | |
| | Business Use of Home only if noted (Line 32) | + | | | |
| | Schedule F Subtotal | | \$ | \$ | |

Business Income Reported on Borrower's Federal Individual Tax Return

- For partnerships and S corporations, stable monthly income may be based on borrower's proportionate share of income (e.g. ordinary income, guaranteed payments) carried from form 1065 or 1120s through the K-1 and onto the borrower's federal individual tax returns.
- Although cash distributions reported on the K-1 may not be used as qualifying income, they may be used to establish business liquidity and access to business funds, provided they are reasonably consistent with the ordinary income.

Business Income NOT Reported on Borrower's Federal Individual Income Tax Return

- Income reported on the business tax returns but not on the personal tax returns may be considered as stable monthly income, provided the Seller's analysis confirms that based on the financial strength of the business, the use of these funds as personal income would not have a detrimental impact on the business.
- Documentation is not required to verify access to business income for the following:
 - Sole proprietorships
 - Ordinary income, net rental real estate income, or other rental income or guaranteed payments received from partnerships or S corporations
 - W-2 income received from S corporations or corporations
 - Corporations, if the borrower holds 100% ownership interest
- If business income not reported on the borrower's federal income individual tax returns is being used to qualify and none of the categories above apply, then the seller must verify that the borrower's legal right to the business income that is used as stable monthly income is not encumbered, restricted, or prevented by the corporate resolution, partnership agreement, or other comparable document.

Partnership K-1 Income

| 9 | Partnership K-1 (Form 1065) | | 2016 | 2015 | NOTES |
|---|---|-----|------|------|-------|
| | Ordinary Income or Loss (Line 1) | +/- | | | |
| | Net Rental Real Estate Income or Loss If verified recurring (Lines 2 and 3) | +/- | | | |
| | Guaranteed Payments to Partner If verified recurring (Line 4) | + | | | |

S-Corporation K-1 Income

| 10 | S Corporation Schedule K-1 (Form 1120S) | | 2016 | 2015 | NOTES |
|----|--|-----|------|------|-------|
| | Ordinary Income or Loss (Line 1) | +/- | | | |
| | Net Rental Real Estate Income or Loss <i>If verified recurring (Lines 2 and 3)</i> | +/- | | | |

Subtotal of Qualifying Income _____

Section 11: Partnership

| 11 | Partnership Income from Form 1065 | | 2016 | 2015 | NOTES |
|----|--|-----|------|------|--|
| | Depreciation (Line 16c) | + | | | *Only add back the eligible "Other" line items, such as Amortization or Casualty Loss. |
| | Depletion (Line 17) | + | | | |
| | Amortization or Casualty Loss (Review Attachment Related to Line 20)* | + | | | **Adjustments not required if there is evidence these roll over regularly and/or the business has sufficient assets to cover. Check Investor policy. |
| | Mortgage or Notes Payable in Less than 1 Year (Schedule L, Line 16d)** | - | | | |
| | Other Nonrecurring Income or Loss (Lines 4, 5, 6 and 7) | +/- | | | |
| | Meals and Entertainment Exclusion (Schedule M-1, Line 4b) | - | | | |
| | Subtotal for Partnership Income | = | | | |
| | Percent of Ownership (From Schedule K-1) | X | | | |
| | Total for Partnership Income Subtotal multiplied by % ownership | = | | | |

Section 12: S-Corporation

| 12 | S-Corporation from Form 1120S | | 2016 | 2015 | NOTES |
|----|--|-----|------|------|--|
| | Depreciation (Line 14) | + | | | *Only add back the eligible "Other" line items, such as Amortization or Casualty Loss. |
| | Depletion (Line 15) | + | | | |
| | Amortization/Casualty Loss (Review Attachment Related to Line 19)* | + | | | **Adjustments not required if there is evidence these roll over regularly and/or the business has sufficient assets to cover. Check Investor policy. |
| | Mortgage or Notes Payable in Less than 1 Year (Schedule L, Line 17d)** | - | | | |
| | Nonrecurring Other Income/Loss (Lines 4 and 5) | +/- | | | |
| | Meals and Entertainment Exclusion (Schedule M-1, Line 3b) | - | | | |
| | Subtotal for S-Corporation Income | = | | | |
| | Percent of Ownership (From Schedule K-1) | X | | | |
| | Total for S-Corporation Income Subtotal multiplied by % ownership | = | | | |

Section 13: Corporation

| 13 | Corporation Income from Form 1120 | | 2016 | 2015 | NOTES |
|----|--|-----|------|------|--|
| | Depreciation (Line 20) | + | | | *Only add back the eligible "Other" line items, such as Amortization or Casualty Loss. **Adjustments not required if there is evidence these roll over regularly and/or the business has sufficient assets to cover. Check Investor policy. |
| | Depletion (Line 21) | + | | | |
| | Amortization/Casualty Loss (Review Attachment Related to Line 26)* | + | | | |
| | Net Operating Loss and Special Deductions (Line 29c) | + | | | |
| | Taxable Income (Line 30) | + | | | |
| | Total Tax (Line 31) | - | | | |
| | Mortgage or Notes Payable in Less than 1 Year (Schedule L, Line 17d)** | - | | | |
| | Other Nonrecurring Income or Loss (Lines 8, 9 & 10) | +/- | | | |
| | Subtotal for Corporation Income | = | | | |
| | Percent of Ownership (Form 1125-E) | X | | | |
| | Total for Corporation Income | = | | | |

Partnership, S Corporation and Corporation Totals

1040 Total

Grand Total

Number of Months (enter number)

Monthly Total

| | |
|----------------------|----------------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| <input type="text"/> | <input type="text"/> |
| _____ | _____ |

This reference sheet is suggested guidance and does not replace Freddie Mac instructions or applicable guidelines. Please check with your own legal advisors for interpretations of legal and compliance principles applicable to your business.

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Year to Date Profit and Loss Statement

When using or evaluating profit and loss statements, always consult all applicable guidelines, including lender, investor, GSE and, where applicable, federally mandated ability to repay requirements. Generally, the lender may use a profit and loss statement—audited or unaudited—for a self-employed borrower’s business only to support its determination of the stability or continuance of the borrower’s income. A typical profit and loss statement has a format similar to IRS Form 1040, Schedule C. Allowable addbacks include depreciation, depletion and other non-cash expenses as identified above.

Year-to-Date Profit and Loss Statement

| | | | | |
|---------------------------|-------|---|---------------------|-------|
| Salary/Draw to Individual | | | | _____ |
| Net Profit | _____ | X | _____ % Ownership = | _____ |
| Total Allowable Addbacks | _____ | X | _____ % Ownership = | _____ |
| Year-to-Date Total | | | | _____ |
